

DISCUSSION DOCUMENT 02/06/2012

IPA ILLINOIS POWER AGENCY

**DISTRIBUTED GENERATION
PROCUREMENT**

PROGRAM DESIGN WORKSHOPS

SPRING 2012

DISTRIBUTED GENERATION PROCUREMENT

Workshop Goals:

- Develop a solid distributed generation procurement program to include in the IPA's 2013 Procurement Plan.
- Upon plan approval in December 2012, conduct a procurement for deliveries beginning June 1, 2013.

Workshop Participants:

- Parties to Docket 11-0660
- Procurement Administrators
- Other interested parties

Workshop Rules:

- In order to encourage free and open discussion, will be conducted in the manner of settlement discussions – you are agreeing that statements made, positions taken, and documents and papers provided are in the nature of settlement discussions and will not be used by or against any workshop participant in any litigation, including administrative proceedings before the ICC, FERC or other federal, state or local government authorities.
- The IPA will take into consideration the views of all workshop participants when including provisions for a distributed generation event in the filed draft 2013 Procurement Plan.

DISTRIBUTED GENERATION PROCUREMENT

Overarching context: PA 097-0616

Defines the Generation Source:

- + Wind, solar thermal, photovoltaic, biodiesel, crops, untreated and unadulterated organic waste biomass, tree waste, hydropower not involving new construction or significant expansion of an existing dam;
- + Interconnected at the distribution level of an Illinois electric utility, ARES, municipal utility or co-op;
- + Located on the customer side of the electric meter; primarily used to offset customer's electric load;
- + Limited in nameplate capacity to no more than 2,000 kilowatts.

DISTRIBUTED GENERATION PROCUREMENT

Overarching context: PA 097-0616

Defines the target volume:

Of the renewable resources procured for delivery in a particular year, at least the following percentages from DG:

0.5% by June 1, 2013;

0.75% by June 1, 2014;

1.0% by June 1, 2015 and thereafter.

To the extent available, half shall come from devices of less than 25 kW.

May count towards the otherwise required wind and photovoltaic percentages.

DISTRIBUTED GENERATION PROCUREMENT

Overarching context: PA 097-0616

Defines the product:

RECs Only

Defines the minimum contract term:

Multi-year contracts of no less than 5 years

Requires use of third party aggregators

Bidding groups of no less than 1 MW installed capacity.

Aggregator to administer contracts with individual DG device owners

Individual DG device owner shall have the ability to measure the output of its own device.

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Questions to be discussed and resolved in the Workshops:

TARGETS:

- What are the annual procurement targets for DG RECs?
- Given prior procurements of RECs for delivery beginning 2013 and beyond, what volume and dollar budgets remain available for solar and non-solar DG ?
- To the extent available, $\frac{1}{2}$ of the DG procurement must come from devices < 25 kW. What standard applies in determining “to the extent available” ?

PROCESS:

- What procurement process should be used?
 - RFP/auction/single sealed bid/multi-round descending price?
 - How should applications be selected and REC prices determined?
 - Standard offer option for small generators?
- Separate selection process for over and under 25 kW?
- Separate selection process for DG RECs and all other RRECS?
- Who should conduct the solicitation? Is there a need for an on-going independent third-party program administrator?

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TERMS AND CONDITIONS

- Should terms and conditions differ for over/under 25 kW?
- Should terms differ between residential and commercial owners?
- What credit requirements shall the IPA set for DG suppliers?
 - What other requirements will minimize the risk of contract failure?
 - Construction milestone incentives?
 - Performance default consequences?
- Minimum term length is 5 years. Should it be longer? To what type of contract structure is the market likely to respond?
- Is new construction entitled to a preference? 10 years vs. 5 years?
- Are there any regulatory or other barriers that would prevent third-party owned or leased renewable energy systems from participating?

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THIRD PARTY AGGREGATORS

- Who qualifies to be an aggregator?
- May government and non-profit entities participate as aggregators?
- Must the aggregators pass through the entire REC value to individual device owners?
- When does an aggregator assemble or identify its portfolio of individual systems - before or after a procurement event?
- Must the aggregator deliver a specific volume of RECs or can enrollment be open-ended? What if an aggregator exceeds the contract amount of RECs? Falls short?
- What other obligations fall to an aggregator?

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PERFORMANCE VERIFICATION:

- How will distributed REC deliveries and retirements be verified? (GATS and M-RETS and/or some other registries?)
- Estimated vs. actual metered quantities?
- Who does the estimating or metering?
- If estimated, how and how often?
- Who verifies that the installation occurred?
- Who verifies that the installation remains in service?
- Must aggregators be registered on GATS/M-RETS as opposed to (or in addition to) individual device owners?

TIMING:

- Separate Event?
- In conjunction with the Spring 2013 Procurement?

FUNDING:

- Can the IPA's Renewable Energy Resources Fund (funded through ACPs') be used, in conjunction with the RRB, for DG procurement?
- Are there separate procurement programs for each fund ?

OTHER QUESTIONS?

NEXT STEPS?